



Connecting People and Policy
for the New Economy

Michigan's Economic Turnaround
Policy Innovation for Michigan's Entrepreneurs
Wednesday, March 17, 2010

Bryan K. Ritchie

The Next Economic Revolution

- Where have the jobs gone?
- Appropriate question is where has the value creation gone?
 - Michigan and upper Midwest were highly entrepreneurial
- Key to sustainable growth is innovation commercialized through entrepreneurship
- Need to re-establish entrepreneurial mentality
 - Ability to try and fail
- See more broadly
 - Innovation in every sphere of society



What Should We Focus On?

- Too much emphasis on outcomes
 - Jobs are an outcome, not a cause
 - Financial investment is an outcome as much as a cause
 - Singapore
- Too much emphasis on regulations
 - This is simply an income value tradeoff



Leading Indicators

- Lagging indicators suggest only where we've been and focus on outcomes
- Leading indicators point to future outcomes and focus on facilitators
- Best leading indicator is innovation to commercialization
 - New venture creation
 - Upgrading
 - Moving from lower to higher value add



New Venture Creation

- Leverage assets
 - Link universities to commercial ventures
 - MSUT, MSU BioEconomy Network, BusinessConnect
 - Open collaboration and commercialization
- Re-create culture of entrepreneurialism and innovation
 - Control over life as an enterprise
 - Encourage risk taking
 - Example: Florida Homestead Exemptions



Upgrading

- Create incentives for firms to cluster
 - Korea and Internet access
- Implement a balanced tax structure equal to the value add of the community
 - Lansing vs. Boston (balance expense with income producing potential)
 - Consumption driven, even, predictable, fair, competitive
- Identify leading and up and coming industries
 - Facilitate BOTH growth and change
- Provide incentives for Labor to assume new roles
 - Business as a place of learning as much as a place of earning

